

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN HILLS WATER)	
DISTRICT OF HARLAN COUNTY, KENTUCKY, FOR A)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND)	98-400
NECESSITY TO CONSTRUCT, FINANCE AND)	
INCREASE RATES PURSUANT TO KRS 278.023)	

O R D E R

On August 20, 1998, Green Hills Water District ("Green Hills District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,395,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide new service to 240 additional customers. Project funding is a \$470,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD"), a \$575,000 grant from the RD, and a \$350,000 Appalachian Regional Commission ("ARC") grant.

Green Hills District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing

requirements were met in this case on August 20, 1998, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Green Hills District is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Green Hills District's proposed plan of financing with RD is accepted.

3. Green Hills District is authorized to issue bonds not to exceed \$470,000.

4. Green Hills District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Green Hills District shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

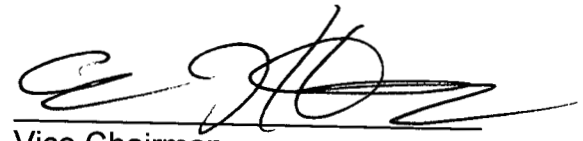
7. Green Hills District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Green Hills District shall take immediate action to bring the system into compliance with Commission regulations.

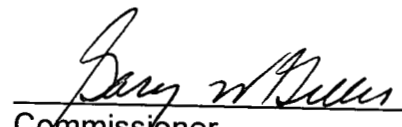
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 28th day of August, 1998.

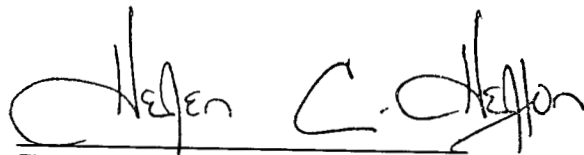
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-400 DATED AUGUST 28, 1998

The following rates and charges are prescribed for the customers in the area served by Green Hills Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 Gallons	\$15.05	Minimum Bill
Next	6,000 Gallons	6.90	Per 1,000 Gallons
All Over	8,000 Gallons	3.45	Per 1,000 Gallons